

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1020 – SB 1086

April 4, 2018

SUMMARY OF ORIGINAL BILL: Defines “short-term rental unit” as a residential dwelling, including a single-family dwelling or a unit in a multi-unit building, such as an apartment building, condominium, cooperative, or time-share that is rented wholly or partially for a fee for a period of less than thirty continuous days. Defines “short term rental unit provider” as any person or entity engaged in renting a short-term rental unit to an occupant. Defines “online short-term rental unit marketplace” as any person or entity that provides a digital platform for compensation, through which a third party offers to rent a short-term rental unit to an occupant.

Requires short-term rental unit providers which furnish short-term rental units to transients to pay any occupancy tax, sales tax, and other applicable taxes. Establishes that a short-term rental unit marketplace is required to collect and remit taxes for short-term rental unit providers using such short-term rental unit marketplace services.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue –

\$346,200/FY18-19/General Fund

\$4,000/FY18-19/Department of Revenue

\$692,400/FY19-20 and Subsequent Years/General Fund

\$8,100/FY19-20 and Subsequent Years/Department of Revenue

Increase State Expenditures - \$76,100/FY18-19

\$145,800/FY19-20 and Subsequent Years

Increase Local Revenue - \$369,600/FY18-19

\$739,200/FY19-20 and Subsequent Years

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

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SUMMARY OF AMENDMENTS (015452, 015751): Amendment 015452 deletes all language after the caption. Authorizes short-term rental unit owners to be exempt from ordinances, resolutions, regulations, rules or other requirements that prohibit or regulate short-term rental property if the property was being lawfully used as a short-term rental prior to the enactment of the ordinance, unless an ordinance, resolution, regulation, rule, or other requirement enacted prior to January 1, 2014, expressly limits the period of time a residential dwelling is authorized to be rented.

Amendment 015751 specifies that the effective date of the authorization for an action brought by any person injured by a local governing body in violation of this legislation is July 1, 2018, and applies to actions that accrue on or after the effective date.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

NOT SIGNIFICANT

Assumptions for the bill as amended:

- Any action taken by a local government to regulate short-term rentals is permissive.
- This legislation defines a local governing body as the legislative body of a city, municipality, county, or other political subdivision of this state that has the authority to enact a zoning ordinance, resolution, regulation, rule or other requirement of any type regarding land use in its jurisdiction.
- This legislation authorizes condominiums, co-ops, homeowners associations, or other similar entities to prohibit or otherwise restrict an owner of property within the respective jurisdiction from using the owner's property as a short-term rental unit.
- Any impact to state or local government tax revenue is estimated to be not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumption for the bill as amended:

- Any impact to jobs or commerce in Tennessee is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/amj